

**15. Indemnification.**

(a) **Seller's Indemnity.** Except for liabilities specifically assumed by Purchaser pursuant to the terms of this Agreement, Seller shall indemnify and defend (by counsel reasonably acceptable to Purchaser) and hold Purchaser and its officers, shareholders, directors, and employees (collectively, "Purchaser's Indemnified Parties") harmless of, from and against any and all losses, liabilities, expenses, fines, penalties, damages and other costs (including amounts paid in settlement, reasonable costs of investigation, reasonable attorneys' fees and other legal expenses resulting from claims, whether or not ultimately successful) suffered or incurred directly or indirectly by Purchaser or Purchaser's Indemnified Parties, or which Purchaser or any of Purchaser's Indemnified Parties may suffer or incur directly or indirectly, arising out of, with respect to, or based upon:

(i) the inaccuracy in any respect of any of Seller's representations or warranties subject to the terms of Section 8(e) and Section 11(e) herein;

(ii) any closing obligations, liabilities or charges of Seller not expressly assumed by Purchaser except to the extent that Purchaser receives a credit for the same at the Closing; or

(iii) the ownership, operation, repair, replacement and maintenance of the Association Water and Sewer Assets or any portion thereof on or prior to the Closing Date with the exception of obligations regarding operation, repair, replacement and/or maintenance which are expressly reserved to Purchaser under the Maintenance Agreement (in which event the terms of the Maintenance Agreement shall govern and Seller shall be relieved of its indemnity liability under this Section 15(a)(iii) with respect to such obligations subject to the terms of the Maintenance Agreement.

(b) **Purchaser's Indemnity.** Except for liabilities specifically assumed by Seller pursuant to the terms of this Agreement, Purchaser shall indemnify (by counsel reasonably acceptable to Seller) and hold Seller and its officers, shareholders, directors, and employees (collectively, "Seller's Indemnified Parties") harmless of, from and against any and all losses, liabilities, expenses, fines, penalties, damages and other costs (including amounts paid in settlement, reasonable costs of investigation, reasonable attorneys' fees and other legal expenses resulting from claims, whether or not ultimately successful) suffered or incurred directly or indirectly by Seller or Seller's Indemnified Parties, or which Seller or any of Seller's Indemnified Parties may suffer or incur directly or indirectly, arising out of, with respect to, or based upon:

(i) the inaccuracy in any respect of any of Purchaser's representations or warranties;

(ii) any obligations, liabilities or charges of Purchaser that are expressly assumed by Purchaser or for which Purchaser receives a credit at the Closing; or

(iii) (x) obligations regarding operation, repair, replacement and/or maintenance which are expressly reserved to Purchaser under the Maintenance

Agreement (in which event the terms of the Maintenance Agreement shall govern with respect to such obligations subject to the terms of the Maintenance Agreement) and (v) the ownership, operation, repair, replacement and maintenance of the Association Water and Sewer Assets, or any portion thereof, by Purchaser from and after the Closing Date.

**16. Default.**

(a) **Default by Seller.** If Seller materially defaults under this Agreement, and such default continues for a period of ten (10) days after written notice from Purchaser to Seller concerning the default, then Purchaser shall be entitled to either (i) terminate the Agreement, and receive reimbursement up to \$5,000 of Purchaser's actual and reasonable out-of-pocket expenses incurred in connection with the proposed sale contemplated under this Agreement, or (ii) institute an action for specific performance. Whether Purchaser elects remedy (i) or (ii) under this Section 16(a), the remedy it elects shall be its sole and exclusive remedy.

(b) **Default by Purchaser.** If Purchaser materially defaults under this Agreement, and such default continues for a period of ten (10) days after written notice from Seller to Purchaser concerning the default, then, as Seller's sole and exclusive remedy, Seller's actual and reasonable out-of-pocket expenses, up to \$5,000, incurred in connection with the proposed sale contemplated under this Agreement shall be paid over to and retained by Seller as liquidated damages. The parties hereby acknowledge and agree that the remedy under this Section 16(b) shall be Seller's sole and exclusive remedy.

(c) Notwithstanding any such limitation on damages, any suit for breach of any representation, warranty or covenant contained in this Agreement or any other action arising under this Agreement must be filed within three (3) years of the Closing Date or be forever barred.

Except as otherwise provided in Section 19(p) herein, damages of both Seller and Purchaser are to be limited to the remedies described in this Section 16.

**17. Casualty; Condemnation.** If prior to the Closing Date any or all of the improvements which constitute a part of the Association Water and Sewer Assets are damaged or destroyed by fire or other casualty (collectively referred to herein as a "Casualty"), or all or any portion of the Association Water and Sewer Assets is taken by exercise of the power of eminent domain or any proceedings are threatened or instituted to effect such a taking (collectively referred to herein as a "Condemnation"), Seller shall immediately give Purchaser written notice of such occurrence, and Purchaser may, within fourteen (14) days after receipt of such notice, elect to: (a) terminate this Agreement, in which event this Agreement shall be deemed terminated, and thereafter, neither Seller nor Purchaser shall have any further rights or obligations under this Agreement; or (b) close the transaction contemplated hereby as scheduled (except that if the Closing Date is less than fourteen (14) days following Purchaser's receipt of such notice, then the Closing shall be delayed until fourteen (14) days after Purchaser's receipt of such notice, in which event, in the case of a Casualty, Purchaser shall have the right to participate in the adjustment and settlement of any insurance claim relating to the Casualty and at the Closing Seller shall assign to Purchaser all of Seller's interest in and to any and all insurance proceeds with respect to the Casualty, or in

the case of a Condemnation, at the Closing Seller shall assign and/or pay to Purchaser all awards or other damages to which Seller is entitled or of which Seller has already collected or claimed with respect to such Condemnation.

**18. Post-Closing Covenants Regarding the Water and Sewer System.** Provided that the transaction contemplated herein closes in accordance with the terms of this Agreement, the following covenants shall apply:

(a) **Exclusive Supplier of Water and Sewer Services.** Provided that the rate for use of the Water and Sewer System is in accordance with Section 18(c)(i) herein, Seller shall not: (a) enter into any contract or other arrangement with any third party (other than Purchaser); (b) exercise any rights it has under any documents recorded against all or any part of the Development; or (c) take any other action which would interfere with Purchaser's ability to (i) serve as the exclusive provider of the water and sanitary sewer services to the Development; (ii) operate, manage, maintain, repair or reconstruct the Water and Sewer System; or (iii) expand all or any portion of the Water and Sewer System (including "tying in" or otherwise integrating the existing Water and Sewer System with another system owned by Purchaser), provided that such expansion is in accordance with the standards set forth in the rules and regulations of the ICC and all other Laws of governmental authorities having jurisdiction over the Water and Sewer System.

(b) **Meters.**

(i) **Stand Alone Homes.** Purchaser agrees to install remote reading meters for each stand alone home within the Development, and to bill customers based upon actual or estimated meter readings in accordance with the rules of the ICC. Upon written request to Purchaser by a customer who, at the time of the Closing, holds title to a home within the Development and has an irrigation system serving his or her lot, Purchaser shall install, at Purchaser's expense, (i) a meter for the residence, and (ii) a meter for the irrigation system. In accordance with the rules of the ICC, Purchaser agrees to bill the customers (i) for water and sewer service on the residence meter and (ii) for water service only on the irrigation meter. With regard to persons who, after the Closing, obtain title to a home within the Development and request in writing to Purchaser installation of an irrigation meter, Purchaser shall, at such customer's expense, install an irrigation meter for the customer. Seller shall cooperate with Purchaser's efforts to obtain access to and/or around homes in order to install meters as soon as reasonably practicable after the date hereof.

(ii) **Condominiums.** Purchaser agrees to install remote reading meters for each condominium unit within the Development, and to bill customers based upon actual or estimated meter readings in accordance with the rules of the ICC. Upon written request to Purchaser from adjoining condominium owners who, at the time of the Closing, hold title to their respective condominium unit within the Development and have an irrigation system serving the lot upon which the adjoining condominium units are located (the "Condo Lot"), Purchaser shall install, at Purchaser's expense, (i) one meter for *each* condominium unit owner on a Condo Lot, and (ii) one meter for the irrigation system

serving the Condo Lot. In accordance with the rules of the ICC, Purchaser agrees to bill condominium unit owners (i) for water and sewer service on the condominium unit owner's individual meter and (ii) for water service only on the irrigation meter. The specific charge to each condominium unit owner for the irrigation meter charges shall be each unit owner's pro rata equal share of the total charge to the Condo Lot (for example, if there are two condominiums located on one Condo Lot, each condominium unit owner would have to pay 50% of the total irrigation meter charge for the Condo Lot). With regard to persons who, after the Closing, obtain title to a condominium within the Development and request in writing to Purchaser (such writing to be signed by all condominium owners on the applicable Condo Lot) installation of an irrigation meter, Purchaser shall, at the applicable condominium owners' expense, install an irrigation meter. Seller shall cooperate with Purchaser's efforts to obtain access to and/or around the condominium units order to install meters as soon as reasonably practicable after the date hereof.

Notwithstanding the foregoing in this Section 18(b)(ii), upon the election of the Phase III Association and in accordance with the rules of the ICC, Purchaser shall bill the Phase III Association directly (rather than the condominium unit owners), and the Phase III Association shall pay Purchaser, for the total irrigation meter charges incurred by the condominium unit owners within the Phase III Association's jurisdiction. In accordance with the rules of the ICC, the Phase III Association would then be free to bill the condominium unit owners directly for the irrigation meter charges in whatever fashion the Phase III Association deems appropriate.

**(c) Payment for Use of the Water and Sewer System.**

(i) Subject to ICC approval, Seller and Purchaser hereby agree that the rates for the use of the Water and Sewer System for the first ten (10) years after the Closing Date shall be no higher than the then current water and sewer rates charged for similar water and sewer services by the Village of Mundelein, Illinois (the "Village") to residential dwellings located within the legal boundaries of the Village (the "Village Rate"). Thereafter, the applicable rates for use of the Water and Sewer System shall be the rates approved from time to time by the ICC.

(ii) Subject to ICC approval, Purchaser will collect, prior to a lot owner's connection to the Water and Sewer System, (x) the \$12,000 tap-in fee currently in place for the Phase II portion of the Residential Property (as described in the Phase II Plat) ("Phase II"); and (y) the \$12,000 tap-in fee for the Phase III Area to the extent required under a currently effective instrument or document which is legally binding on lot owners in the Phase III Area and which is disclosed to Purchaser by Thorngate prior to the Closing. Purchaser will, in turn, pay any funds received as tap-in fees to Thorngate. This practice shall continue until an Access Fee has been paid for all Lots (as such term is defined in the Phase II Declaration) located within Phase II, and to the extent required, Phase III.

**(d) Future Facility Construction.** In the event that Purchaser finds it necessary to construct any significant utility facilities within the Easements granted or assigned to it by Seller on the Closing Date, Purchaser shall notify the Phase II Association and the Phase III

Association about the proposed construction, seek input from it, and construct such facilities in a manner which shall not unreasonably affect the developability, marketability, value or current use of the Residential Property, provided, however, that no above ground improvements shall be constructed on the Residential Property without the prior express written approval of the Phase II Association and the Phase III Association and Purchaser shall take all reasonable actions to repair any damage to the Residential Property caused by it in the exercise of its rights under any easement granted to it by the Phase II Association and/or the Phase III Association.

(e) **Obligations Survive the Closing.** The obligations set forth in this Section 18 shall survive the Closing and the delivery of the conveyance documents.

19. **Miscellaneous.**

(a) **Brokerage.** Each party represents to the other that it has not dealt with any broker or finder with respect to the transaction contemplated in this Agreement. Each party shall indemnify and hold the other party harmless from and against any claim for brokerage commissions or other like fees asserted by any third party claiming by, through, or under such party with respect to the transaction contemplated in this Agreement.

(b) **Notices.** Any notice, request or other document (collectively, a "Notice") given ~~to~~ under this Agreement shall be in writing and delivered (i) personally, (ii) by telecopy, (iii) by nationally recognized overnight courier service, or (iv) sent by United States registered or certified mail, return receipt requested, postage prepaid, and in all cases addressed to the parties at the applicable addresses set forth below. A Notice shall be effective (i) upon receipt if delivered personally, (ii) upon confirmation of complete receipt if given by telecopy during normal business hours (or the next business day if not confirmed during normal business hours), (iii) on the next business day if deposited with a nationally recognized overnight courier service, prepaid, or (iv) three business days after deposit in the U.S. mail if mailed as registered or certified mail, return receipt requested, postage prepaid. A party may change its address for receipt of Notices by giving notice of such change in accordance with this Section 19(b).

If to Purchaser:

Consumers Illinois Water Company  
1000 South Schuyler Avenue  
Kankakee, Illinois 60901-0152  
Attention: Mr. Terry J. Rakocy, President  
Fax: 815.935.8809

With a copy to:

Jones, Day, Reavis & Pogue  
77 West Wacker, Suite 3500  
Chicago, Illinois 60601-1692  
Attention: Boyd J. Springer, Esq.  
Fax: 312.782.8585

If to Seller: \_\_\_\_\_  
Ivanhoe Club Mutual Water and  
Sewer System, Inc.  
c/o John Zizzo  
21827 West Ravinia Court  
Ivanhoe, IL 60060

With a copy to: Peter J. Wifler  
Salvi, Salvi & Wifler, P.C.  
335 Chancery Lane  
Lake Zurich, IL 60047

(c) **Time for Performance.** Whenever under the terms of this Agreement the time for performance of a covenant or condition falls upon a Saturday, Sunday or holiday, such time for performance shall be extended to the next business day. Otherwise all references herein to "days" shall mean calendar days.

(d) **Time is of the Essence.** Time is of the essence in all things pertaining to performance of this Agreement.

(e) **Severability.** If any provision of this Agreement or application to any party or circumstance shall be determined by any court of competent jurisdiction to be invalid to any extent, the remainder of this Agreement or the application of such provision to a person or circumstance other than those to which it is determined to be invalid, shall not be affected and each provision shall be valid and enforced to the fullest extent permitted by Law, provided that the intent of this Agreement and the benefits to each party can still be accomplished.

(f) **Further Assurances.** The parties shall execute and deliver all such further acts, instruments and assurances and to take all such further action before or after the Closing as necessary or desirable to fully consummate the transaction contemplated in this Agreement.

(g) **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws (but not the conflict of laws) of the State of Illinois.

(h) **Construction.** This Agreement and any other agreement referred to or contemplated herein shall not be construed more strictly against one party solely because it was prepared primarily by counsel for such party. The parties hereby acknowledge that each contributed substantially and materially to the preparation of this Agreement. All exhibits and schedules referenced in this Agreement are attached hereto and deemed a part hereof. The paragraph and section headings in this Agreement are for reference only and shall not affect the interpretation of any provisions herein. Words in the singular shall be held and construed to include the plural and words in the plural shall be held and construed to include the singular, unless the context requires otherwise. The terms "include," "including" and similar terms shall be construed as if followed by the phrase "without limitation." Words of the masculine, feminine or neuter gender shall mean and include the correlative words of other genders.

(i) **Entire Agreement, Amendment and Waivers.** This Agreement contains the entire agreement and understanding of the parties with respect to the sale of the Association

Water and Sewer Assets superseding all prior agreements or understandings regarding the same. This Agreement shall not be amended, modified or discharged, nor may any of its terms be waived except by an instrument in writing signed by the party to be bound thereby.

(j) **Counterparts**. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(k) **Assignment and No Third Party Rights**. Except as herein expressly provided, the respective rights and obligations of each of the parties under this Agreement shall not be assignable by any of the parties hereto without the written consent of the other. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Except as aforesaid, this Agreement shall not be construed as creating any rights or benefits by subrogation or otherwise, in any person other than the parties hereto.

(l) **Binding Effect**. This Agreement and all of the provisions contained herein shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(m) **Confidentiality**. Neither party shall disclose (except as required by Law or order by a court of competent jurisdiction or as required to obtain ICC Approval or other governmental authorization) the terms and provisions of this Agreement without the prior written approval of the other and both parties shall use all reasonable efforts to keep the details of the transaction contemplated hereby strictly confidential; provided however, each party may disclose the terms and provisions of this Agreement to its legal counsel, accountants and other advisors working on the transaction contemplated by this Agreement.

(n) **Risk of Loss**. Legal title, equitable title and risk of loss with respect to the Association Water and Sewer Assets shall not pass to Purchaser until the Association Water and Sewer Assets are transferred to Purchaser at the Closing in accordance with the terms, conditions and provisions of this Agreement.

(o) **Costs of Enforcement**. In the event any action or proceeding is brought in connection with this Agreement, the prevailing party in such action or proceeding shall be entitled to have all of its reasonable court costs, attorneys' and paralegals' fees and expenses, expenditures for documentary and expert evidence, stenographer's charges and all other reasonable costs and expense incurred in connection with such action or proceeding, to be paid for or reimbursed by the non-prevailing party in such action or proceeding. This right to collect such costs is separate and apart from any liquidated damages and in no way invalidates liquidated damages provisions herein.

**[Signature Page Immediately Follows]**

IN WITNESS WHEREOF, the parties hereto have executed this Purchase and Sale Agreement, as of the date and year first above written.

**SELLER:**

IVANHOE CLUB MUTUAL WATER AND  
SEWER SYSTEM, INC., an Illinois corporation

X

By: 

Print Name: John Lizzo

Title: President

**PURCHASER:**

CONSUMERS ILLINOIS WATER COMPANY,  
an Illinois corporation

By: 

Print Name: TERRY J. RAKOCY

Title: PRESIDENT



**EXHIBIT A**

**LEGAL DESCRIPTION OF RESIDENTIAL PROPERTY**

LEGAL DESCRIPTION: OF PHASE II PROPERTY

Parcel A- -

That part of the Northwest 1/4 and the Southwest 1/4 of Section 22, Township 44 North, Range 10, East of the Third Principal Meridian, and being more particularly described as follows: commencing at the Northwest corner of the Southwest quarter of said Section 22, thence South  $89^{\circ}-57'-29''$  East, along the North line of said Southwest quarter, 687.78 feet, to the true point of beginning: thence North  $01^{\circ}-25'-07''$  East, 96.31 feet, thence North  $48^{\circ}-59'-52''$  West, 281.91 feet; thence North  $46^{\circ}-03'-39''$  East, 350.19 Feet; thence North  $16^{\circ}-59'-46''$  West, 717.76 feet; thence North  $16^{\circ}-00'-14''$  East, 545.00 Feet; thence South  $41^{\circ}-17'-56''$  East, 741.26 feet; thence South  $55^{\circ}-12'-45''$  East, 390.49 Feet; thence North  $72^{\circ}-29'-54''$  East, 117.35 feet; thence Northeasterly 118.30 feet, along an arc of a circle whose radius is 270.00 feet, and whose chord bears North  $59^{\circ}-56'-46''$  East; thence North  $47^{\circ}-23'-38''$  East, 168.54 Feet; thence South  $42^{\circ}-36'-23''$  East, 153.87 feet; thence Southeasterly 10.47 feet, along an arc of a circle, whose radius is 70.00 feet, and whose chord bears South  $46^{\circ}-53'-30''$  East; thence South  $51^{\circ}-10'-38''$  East, 135.93 Feet; thence North  $39^{\circ}-21'-01''$  East, 218.72 feet; thence South  $00^{\circ}-20'-50''$  West, 581.40 feet; thence North  $78^{\circ}-48'-01''$  West, 459.94 Feet; thence North  $01^{\circ}-44'-21''$  West, 50.00 Feet; thence North  $49^{\circ}-14'-47''$  East, 357.62 feet; thence North  $51^{\circ}-10'-38''$  West, 124.35 Feet; thence Northwesterly 19.45 feet, along an arc of a circle, whose radius is 130.00 feet, and whose chord

bears North  $46^{\circ}-53'-30''$  West; thence North  $42^{\circ}-26'-22''$  West; 95.32 feet; thence South  $47^{\circ}-23'-38''$  West; 108.54 feet; thence Southwesterly 144.59 feet, along an arc of a circle, whose radius is 330.00 feet, and whose chord bears South  $59^{\circ}-56'-46''$  West; thence South  $72^{\circ}-29'-54''$  West; 183.14 feet; thence South  $5^{\circ}-45'-02''$  West, 579.66 feet; thence South  $8^{\circ}-03'-14''$  East, 259.11 feet; thence South  $18^{\circ}-16'-08''$  East, 298.21 feet; thence South  $68^{\circ}-45'-12''$  West, 567.66 feet; thence South  $04^{\circ}-24'-21''$  West, 65.14 feet; thence South  $10^{\circ}-25'-36''$  East, 250.00 feet, to a point on the northerly right of way of Illinois State Route 176, as dedicated per document No. 337656, dated January 1929, thence South  $62^{\circ}-34'-19''$  West, along said Northerly right-of-way, 304.00 feet; thence North  $00^{\circ}-26'-15''$  East, 170.26 feet; thence North  $37^{\circ}-01'-49''$  West, 188.21 feet; thence North  $01^{\circ}-25'-07''$  East, 365.12 feet to the point of beginning, all in Lake County Illinois.

**LEGAL DESCRIPTION: OF PHASE III PROPERTY**

Being a subdivision of those parts of Lot 16 according to the plat and survey by the Trustees of Schools of the Southeast 1/4 of Section 16 and the Southwest 1/4 of Section 15 and the Northeast 1/4 of Section 21, all in Township 44 North, Range 10, East of the Third Principal Meridian, according to the plat thereof recorded April 27, 1992 as Document Number 314 8232 in Lake County, Illinois, except for Outlots C, D, E, F, G, H and I.

**EXHIBIT B**

**LEGAL DESCRIPTION OF CLUB PROPERTY**

## Legal Description

### Club Property

PARCEL 1: OUTLOTS C, D, E, F, G, H, AND I IN IVANHOE CLUB PHASE III, BEING A SUBDIVISION OF THOSE PARTS OF LOT 16 ACCORDING TO THE PLAT AND SURVEY BY THE TRUSTEES OF SCHOOLS OF THE SOUTHEAST 1/4 OF SECTION 16 AND THE SOUTHWEST 1/4 OF SECTION 15 AND THE NORTHEAST 1/4 OF SECTION 21, ALL IN TOWNSHIP 44 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED APRIL 27, 1992, AS DOCUMENT 3148232, IN LAKE COUNTY, ILLINOIS.

PARCEL 2: EASEMENT FOR INGRESS AND EGRESS FOR THE BENEFIT OF PARCEL 1 OVER THE PRIVATE ROADS AS LOCATED AND DEPICTED ON THE PLAT OF SUBDIVISION OF IVANHOE CLUB PHASE III, AFORESAID, IN LAKE COUNTY, ILLINOIS

PARCEL 3: EASEMENT FOR INGRESS AND EGRESS FOR THE BENEFIT OF PARCEL 1 OVER EASEMENT PARCELS 'A' AND 'B' AS AS GRANTED BY INSTRUMENT RECORDED AS DOCUMENT 3148232 AND EASEMENT OVER THAT PORTION OF SAUNDERS ROAD AS LOCATED AND DEPICTED ON THE PLAT OF SUBDIVISION OF IVANHOE CLUB PHASE III, AFORESAID, AND AS GRANTED BY EASEMENT RECORDED AS DOCUMENT 2975776, IN LAKE COUNTY, ILLINOIS

PARCEL 4: ALL THAT PART OF THE SOUTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 15, TOWNSHIP 44 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING SOUTH OF THE CENTER LINE OF ROUTE 59A (EXCEPT THE EAST 191.66 FEET THEREOF), IN LAKE COUNTY, ILLINOIS

PARCEL 5: THAT PART OF THE NORTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SAID SECTION 15, TOWNSHIP AND RANGE AFORESAID, DESCRIBED AS FOLLOWS: BEGINNING AT THE INTERSECTION OF THE SOUTH LINE OF SAID NORTHEAST 1/4 OF THE SOUTHWEST 1/4 WITH THE CENTER LINE OF ROUTE 59A; THENCE NORTHWESTERLY ON SAID CENTER LINE OF ROUTE 59A, 323.2 FEET; THENCE SOUTHWESTERLY 336.5 FEET TO A POINT ON THE SOUTH LINE OF SAID NORTHEAST 1/4 OF THE SOUTHWEST 1/4, 522.2 FEET WEST OF THE POINT OF BEGINNING; THENCE EAST ON SAID SOUTH LINE 522.2 FEET TO THE POINT OF BEGINNING, (EXCEPT THAT PART DEDICATED FOR SAUNDERS ROAD PER DOC 3148232), IN LAKE COUNTY, ILLINOIS.

PARCEL 6: THE EAST 270.2 FEET OF THE WEST 726.2 FEET OF THAT PART OF THE SOUTHWEST 1/4 OF SECTION 22, TOWNSHIP 44 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING SOUTH OF THE CENTER OF STATE ROAD NO. 176 IN LAKE COUNTY, ILLINOIS.

PARCEL 7: THE EAST 250 FEET OF THE WEST 976.2 FEET OF THAT PART LYING SOUTH OF THE CENTER OF STATE HIGHWAY 176 OF THE SOUTHWEST 1/4 OF SECTION 22, TOWNSHIP 44 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN LAKE COUNTY, ILLINOIS

PARCEL 8: THE EAST 202 FEET OF THE WEST 597.5 FEET (AS MEASURED ON THE NORTH LINE) OF THAT PART OF THE WEST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 22, TOWNSHIP 44 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING NORTH OF THE CENTER LINE OF STATE ROAD NO. 176, IN LAKE COUNTY, ILLINOIS.

PARCEL 9: THE NORTHEAST 1/4 OF SECTION 22, TOWNSHIP 44 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, (EXCEPT THAT PART THEREOF FALLING IN IVANHOE CLUB PHASE III SUBDIVISION RECORDED APRIL 27, 1992 AS DOCUMENT 3148232) AND (ALSO

## Legal Description

### Club Property

(con't.)

EXCEPT THAT PART FALLING IN IVANHOE CLUB PHASE II SUBDIVISION RECORDED JANUARY 15, 1991 AS DOCUMENT 2981428) ALSO (EXCEPT THAT PART OF THE NORTHWEST 1/4 AND THE SOUTHWEST 1/4 OF SECTION 22, TOWNSHIP 44 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING NORTH OF THE CENTER OF THE STATE ROAD KNOWN AS ROUTE NO. 176 DESCRIBED AS FOLLOWS: COMMENCING AT A POINT ON THE WEST LINE OF SAID SOUTHWEST 1/4 1337.80 FEET SOUTH OF THE NORTHWEST CORNER OF SAID SOUTHWEST 1/4; THENCE NORTHEASTERLY ALONG A LINE WHICH FORMS AN ANGLE OF 62 DEGREES 39 MINUTES FROM NORTH TO EAST, 2222.91 FEET TO THE POINT OF BEGINNING, SAID POINT ALSO BEING A POINT OF CURVATURE ON THE CENTER LINE OF SAID ROUTE NO. 176; THENCE NORTHEASTERLY ALONG SAID CENTER LINE AND ALONG A CURVE TO THE RIGHT, HAVING A RADIUS OF 2865.0 FEET, AN ARC DISTANCE OF 345.26 FEET AND WHOSE CHORD MEASURES 345.06 FEET AND BEARING OF NORTH 66 DEGREES 01 MINUTES 30 SECONDS EAST; THENCE NORTH 05 DEGREES 31 MINUTES 52 SECONDS WEST, 533.72 FEET; THENCE NORTH 19 DEGREES 58 MINUTES 52 SECONDS WEST, 197.60 FEET; THENCE NORTH 78 DEGREES 48 MINUTES 01 SECONDS WEST, 459.94 FEET; THENCE SOUTH 06 DEGREES 32 MINUTES 29 SECONDS WEST, 409.54 FEET; THENCE SOUTH 15 DEGREES 28 MINUTES 25 SECONDS EAST, 631.54 FEET TO A POINT OF INTERSECTION ON THE CENTER LINE OF SAID ROUTE 176; THENCE NORTH 62 DEGREES 34 MINUTES 21 SECONDS EAST ALONG SAID CENTER LINE 149.87 FEET, MORE OR LESS, TO THE POINT OF BEGINNING), IN LAKE COUNTY, ILLINOIS.

PARCEL 10: THAT PART OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF SECTION 22, TOWNSHIP 44 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING NORTH OF THE CENTER OF THE STATE ROAD KNOWN AS ROUTE 176, (EXCEPT THE WEST 16 ACRES THEREOF LYING NORTH OF THE HIGHWAY CONVEYED TO JAMES VAN FLOW AND DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTHWEST CORNER OF THE SOUTHWEST 1/4 OF SECTION 22 AFORESAID; THENCE RUNNING EAST ON THE NORTH LINE OF SAID QUARTER SECTION, 597.5 FEET; THENCE SOUTH PARALLEL WITH THE WEST LINE OF SAID QUARTER SECTION TO THE CENTER OF THE ROAD; THENCE SOUTHWESTERLY ALONG THE CENTER OF THE ROAD TO THE WEST LINE OF SAID QUARTER SECTION; THENCE NORTH ALONG THE WEST LINE OF SAID QUARTER SECTION TO THE POINT OF BEGINNING) AND (ALSO EXCEPT THAT PART THEREOF FALLING IN IVANHOE CLUB PHASE II SUBDIVISION RECORDED JANUARY 15, 1991 AS DOCUMENT 2981428) AND (ALSO EXCEPT THAT PART OF THE NORTHWEST 1/4 AND THE SOUTHWEST 1/4 OF SECTION 22, TOWNSHIP 44 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING NORTH OF THE CENTER OF THE STATE ROAD KNOWN AS ROUTE NO. 176 DESCRIBED AS FOLLOWS: COMMENCING AT A POINT ON THE WEST LINE OF SAID SOUTHWEST 1/4 1337.80 FEET SOUTH OF THE NORTHWEST CORNER OF SAID SOUTHWEST 1/4; THENCE NORTHEASTERLY ALONG A LINE WHICH FORMS AN ANGLE OF 62 DEGREES 39 MINUTES FROM NORTH TO EAST, 2222.91 FEET TO THE POINT OF BEGINNING, SAID POINT ALSO BEING A POINT OF CURVATURE ON THE CENTER LINE OF SAID ROUTE NO. 176; THENCE NORTHEASTERLY ALONG SAID CENTER LINE AND ALONG A CURVE TO THE RIGHT, HAVING A RADIUS OF 2865.0 FEET, AN ARC DISTANCE OF 345.26 FEET AND WHOSE CHORD MEASURES 345.06 FEET AND BEARING OF NORTH 66 DEGREES 01 MINUTES 30 SECONDS EAST; THENCE NORTH 05 DEGREES 31 MINUTES 52 SECONDS WEST, 533.72 FEET; THENCE NORTH 19 DEGREES 58 MINUTES 52 SECONDS WEST, 197.60 FEET; THENCE NORTH 78 DEGREES 48 MINUTES 01 SECONDS WEST, 459.94 FEET; THENCE SOUTH 06 DEGREES 32 MINUTES 29 SECONDS WEST, 409.54 FEET; THENCE SOUTH 15 DEGREES 28 MINUTES 25 SECONDS EAST, 631.54 FEET TO A POINT OF INTERSECTION ON THE CENTER LINE OF SAID ROUTE 176; THENCE NORTH 62 DEGREES 34 MINUTES 21 SECONDS EAST ALONG SAID CENTER LINE 149.87 FEET, MORE OR LESS, TO THE POINT OF BEGINNING), IN LAKE COUNTY, ILLINOIS.

**EXHIBIT C**

**— AMENDED FINAL DEVELOPMENT PLAN FOR  
IVANHOE CLUB PLANNED UNIT DEVELOPMENT PHASES I & II**





## **EXHIBIT D**

### **APPROVED PERMITTED EXCEPTIONS**

1. **Taxes not yet due and payable**
2. **Phase II Plat and Phase III Plat**
3. **Phase II Declaration and Phase III Declaration (as effectively amended by the Termination of the Water and Sewer Declaration)**
4. **Amended and Restated Memorandum of Contract**

**IVANHOE ACQUISITION  
ACCOUNTING ENTRIES TO RECORD INITIAL PURCHASE  
WATER SYSTEM**

<b>Account</b>	<b><u>Utility Plant in Service</u></b>	<b>Debit</b>	<b><u>Credit</u></b>
301	Organization	\$94,000	
304-15	Structures & Improvements - Pumping Plant	\$186,826	
304-30	Structures & Improvements - Water Treatment	\$159,581	
307	Wells and Springs	\$63,197	
310	Power Generation Equipment	\$26,934	
311	Pumping Equipment	\$53,868	
320	Water Treatment Equipment	\$23,909	
330	Distribution Reservoirs and Standpipes	\$347,496	
331	Mains	\$439,365	
333	Services	\$138,412	
334	Meters	\$19,842	
335	Hydrants	\$54,587	
340	Office Furniture and Equipment	\$7,970	
 <b><u>Reserve for Depreciation &amp; Contributed Property</u></b>			
108	Structures & Improvements - Pumping Plant		\$42,410
108	Structures & Improvements - Water Treatment		\$43,566
108	Wells and Springs		\$10,554
108	Power Generation Equipment		\$8,888
108	Pumping Equipment		\$16,861
108	Water Treatment Equipment		\$8,535
108	Distribution Reservoirs and Standpipes		\$58,032
108	Services		\$43,370
108	Meters		\$7,929
108	Office Furniture and Equipment		\$3,778
114	Utility Plant Acquisition Adjustment		\$878,013
131	Cash		\$100
271	Contributions In Aid Of Construction		\$493,951
		<u>\$1,615,987</u>	<u>\$1,615,987</u>

**IVANHOE ACQUISITION  
ACCOUNTING ENTRIES TO RECORD INITIAL PURCHASE  
SEWER SYSTEM**

<b><u>Account</u></b>	<b><u>Utility Plant in Service</u></b>	<b><u>Debit</u></b>	<b><u>Credit</u></b>
301	Organization	\$94,000	
354	Structures and Improvements	\$1,177,236	
355	Power Generation Equipment	\$67,155	
360	Force Mains	\$323,483	
361	Gravity Mains	\$456,286	
363	Services	\$129,078	
364	Flow Measuring Devices	\$9,663	
370	Receiving Wells	\$63,458	
371	Pumping Equipment	\$30,811	
380	Treatment and Disposal Equipment	\$238,450	
381	Plant Sewers	\$206,185	
 <b><u>Reserve for Depreciation &amp; Contributed Property</u></b>			
108	Structures and Improvements		\$394,812
108	Power Generation Equipment		\$22,161
108	Force Mains		\$50,313
108	Gravity Mains		\$0
108	Services		\$22,983
108	Flow Measuring Devices		\$2,763
108	Receiving Wells		\$0
108	Pumping Equipment		\$0
108	Treatment and Disposal Equipment		\$85,127
108	Plant Sewers		\$38,969
114	Utility Plant Acquisition Adjustment		\$1,570,745
131	Cash		\$100
271	Contributions In Aid Of Construction		\$607,832
		<u>\$2,795,805</u>	<u>\$2,795,805</u>

State of Illinois  
Illinois Commerce Commission

ILL. C. C. No. \_\_\_\_  
Original Sheet

CONSUMERS ILLINOIS WATER COMPANY  
SCHEDULE OF RATES  
FOR  
WATER SERVICE

Applying to the following territory:

Ivanhoe Club Development in the Unincorporated Area of Lake County, Illinois.

Filed Pursuant to the Order of the Illinois Commerce Commission in Docket No. \_\_\_\_

Issued:

Effective:

Issued By: Garry L. Seehawer, Vice President  
5301 East State Street, Suite 217, Rockford, IL 61108

CONSUMERS ILLINOIS WATER COMPANY  
LAKE COUNTY DIVISION

ILL. C. C. No. \_\_\_\_  
Original Sheet No. 1

Applies To: Ivanhoe Club Development in the Unincorporated Area of Lake County, Illinois.

WATER SERVICE

Under the terms of an agreement between Consumers Illinois Water Company ("CIWC") and Thorngate Country Club, Inc., and an agreement between CIWC and Ivanhoe Club Mutual Water and Sewer System, Inc., the charges for water service within Ivanhoe Club Development, for the first ten years following acquisition of the water system by CIWC, are not to exceed 100% of the charges for such service imposed by the Village of Mundelein ("Village"), as those charges are amended from time to time.

In Docket \_\_\_\_ - \_\_\_\_, the Commission authorized CIWC to file tariff sheets reflecting the then-effective rates of the Village for water service. For the first ten years following the date on which CIWC acquires the Ivanhoe Club Development water system, CIWC is authorized to charge the rates for water service provided within the Village, as such rates are changed from time to time by the Village. CIWC is authorized to file tariff sheets reflecting such changed rates, along with supporting information, no later than fifteen days prior to the proposed effective date of such rates. Unless suspended by the Commission in accordance with Section 9-201 of the Illinois Public Utilities Act (220 ILCS 5/9-201), such rates shall take effect on the proposed effective date.

Filed Pursuant to the Order of the Illinois Commerce Commission in Docket No. \_\_\_\_

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5301 East State Street, Suite 217, Rockford, IL 61108

CONSUMERS-ILLINOIS WATER COMPANY  
LAKE COUNTY DIVISION

ILL. C. C. \_\_\_\_\_  
Original Sheet No. 2

Applies To: Ivanhoe Club Development in the Unincorporated Area of Lake County, Illinois.

WATER SERVICE

USAGE CHARGES

The following shall be the rate for water usage.

Available for all residential, commercial, public and industrial water service. The rate for water usage is as follows:

Rate per 1000 gal.  
\$3.305

MINIMUM BILLS

The minimum monthly bill for water service shall be \$17.30. The minimum charge of \$17.30 will be billed, if the charge based on the usage charge is less than \$17.50 for the month.

BILLING TERMS

Billings will be made on the basis of the above rates and are due and payable at the stated rates on or before the twenty-first (21st) day following the date of the postmark of the bill, or, if said twenty-first (21st) day falls on a Saturday, Sunday, or legal holiday, then on the first day thereafter not a Saturday, Sunday, or legal holiday; all bills unpaid after said twenty-first (21st) day shall be increased by one and one half percent (1-1/2%) per month, including amounts previously past due.

At the option of the Company, bills may be rendered monthly, bimonthly or quarterly.

Filed Pursuant to the Order of the Illinois Commerce Commission in Docket No. \_\_\_\_\_

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5301 East State Street, Suite 217, Rockford, IL 61108

CONSUMERS ILLINOIS WATER COMPANY  
LAKE COUNTY DIVISION

ILL. C. C. No. \_\_\_\_\_  
Original Sheet No. 3

Applies To: Ivanhoe Club Development in the Unincorporated Area of Lake County, Illinois.

WATER SERVICE

RULES AND REGULATIONS

Reference is hereby made to the Rules and Regulations of the Company for the Kankakee Division (ILL C. C. No. 21), on file with the Illinois Commerce Commission from time to time. The foregoing Schedule of Rates for Water Service should be read together with and is hereby made subject to said Rules and Regulations.

MISCELLANEOUS CHARGES

Miscellaneous charges shall be as stated in the Rules, Regulations and Conditions of Service on file with the Commission or as set forth below:

The reconnection fee charged by the Company pursuant to Rule 18 of Ill. C.C. No. 21, 3<sup>rd</sup> revised sheet #18 shall be \$25.00.

A \$15.00 service fee will be assessed for each check returned by the bank uncashed due to insufficient funds.

In accordance with Rule 12 of ILL C.C. No. 21, First Revised Sheet No. 13, the charge for the testing of meters one inch (1") and smaller shall be \$7.50, and the charge for the testing one and one-quarter (1 1/4") and two inch (2") meters will be \$15.00.

The minimum charge for water provided for building and construction purposes pursuant to Rule 27 of Ill. C.C. No. 21, First Revised Sheet No. 28, shall be \$5.00, payable in advance.

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5301 East State Street, Suite 217, Rockford, IL 61108



State of Illinois  
Illinois Commerce Commission

ILL. C. C. No. \_\_\_\_  
Original Sheet

CONSUMERS ILLINOIS WATER COMPANY  
SCHEDULE OF RATES  
FOR  
SEWER SERVICE

Applying to the following territory:

Ivanhoe Club Development in the Unincorporated Area of Lake County, Illinois.

Filed Pursuant to the Order of the Illinois Commerce Commission in Docket No. \_\_\_\_

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5301 East State Street, Suite 217, Rockford, IL 61108

CONSUMERS ILLINOIS WATER COMPANY  
LAKE COUNTY DIVISION

ILL. C. C. No. \_\_\_\_  
Original Sheet No. 1

Applies To: Ivanhoe Club Development in the Unincorporated Area of Lake County, Illinois.

SANITARY SEWER SERVICE

Under the terms of an agreement between Consumers Illinois Water Company ("CIWC") and Thorngate Country Club, Inc., and an agreement between CIWC and Ivanhoe Club Mutual Water and Sewer System, Inc., the charges for sanitary sewer service within Ivanhoe Club Development, for the first ten years following acquisition of the sanitary sewer system by CIWC, are not to exceed 100% of the charges for such service imposed by the Village of Mundelein ("Village"), as those charges are amended from time to time.

In Docket \_\_\_\_ - \_\_\_\_, the Commission authorized CIWC to file tariff sheets reflecting the then-effective rates of the Village for sanitary sewer service. For the first ten years following the date on which CIWC acquires the Ivanhoe Club Development sanitary sewer system, CIWC is authorized to charge the rates for sanitary sewer service provided within the Village, as such rates are changed from time to time by the Village. CIWC is authorized to file tariff sheets reflecting such changed rates, along with supporting information, no later than fifteen days prior to the proposed effective date of such rates. Unless suspended by the Commission in accordance with Section 9-201 of the Illinois Public Utilities Act (220 ILCS 5/9-201), such rates shall take effect on the proposed effective date.

Filed Pursuant to the Order of the Illinois Commerce Commission in Docket No. \_\_\_\_

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5301 East State Street, Suite 217, Rockford, IL 61108

CONSUMERS ILLINOIS WATER COMPANY  
LAKE COUNTY DIVISION

ILL. C. C. No. \_\_\_\_  
Original Sheet No. 2

Applies To: Ivanhoe Club Development in the Unincorporated Area of Lake County, Illinois.

SANITARY SEWER SERVICE

USAGE CHARGE

The following shall be the rate for sewer usage.

Available for all residential, commercial, public and industrial customers whose flows are less than 250,000 gallons per day and whose load is less than 1,000 lbs. of B.O.D. per day.

Metered Customers

For customers who receive all of their water supply by metered water service from the Company, the rate for sanitary sewer service flow based on water usage is as follows:

Rate per 1000 gal.  
\$1.829

MINIMUM BILLS

The minimum monthly bill for sewer service shall be \$9.58. The minimum charge of \$9.58 will be billed, if the charge based on the usage charge is less than \$9.58 for the month.

BILLING TERMS

Billings will be made on the basis of the above rates and are due and payable at the stated rates on or before the twenty-first (21st) day following the date of the postmark of the bill, or, if said twenty-first (21st) day falls on a Saturday, Sunday, or legal holiday, then on the first day thereafter not a Saturday, Sunday, or legal holiday; all bills unpaid after said twenty-first (21st) day shall be increased by one and one half percent (1-1/2%) per month, including amounts previously past due.

At the option of the Company, bills may be rendered monthly, bimonthly or quarterly.

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5301 East State Street, Suite 217, Rockford, IL 61108

CONSUMERS ILLINOIS WATER COMPANY  
LAKE COUNTY DIVISION

ILL. C. C. No. \_\_\_\_  
Original Sheet No. 3

Applies To: Ivanhoe Club Development in the Unincorporated Area of Lake County, Illinois.

SANITARY SEWER SERVICE

RULES AND REGULATIONS

Reference is hereby made to the Rules and Regulations of the Company for the Candlewick Lake Subdivision (ILL C. C. No. 43), on file with the Illinois Commerce Commission from time to time. The foregoing Schedule of Rates for Sewer Service should be read together with and is hereby made subject to said Rules and Regulations.

MISCELLANEOUS CHARGES

Miscellaneous charges shall be as stated in the Rules, Regulations and Conditions of Service on file with the Commission or as set forth below:

In cases where water has been shut off due to delinquency, in accordance with Rule 5 of Ill. C.C. No. 43, Original Sheet No. 7, the entire bill (including the 1 ½% late payment charge), plus an additional charge of \$25.00 must be paid before water will again be furnished to the lot or lots involved. Where sewer service to the lot has been disconnected such service, shall not be re-established until the owner pays to the Company a sum equal to the cost to the Company for both disconnecting and reconnecting such service plus all delinquent bills and other charges owed by the owner to the Company. The Company, however, shall waive one such sewer and water disconnection/reconnection fee per calendar year. The Company reserves the right to file a lien against the property of anyone who is delinquent in payment of his sewer bills.

A \$15.00 service fee will be assessed for each check returned by the bank uncashed due to insufficient funds.

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5301 East State Street, Suite 217, Rockford, IL 61108

CONSUMERS ILLINOIS WATER COMPANY  
INCOME STATEMENT 2000 & YEAR 5 PRO-FORMA  
IVANHOE COUNTRY CLUB DEVELOPMENT  
WATER SYSTEM

May 18, 2000

	YEAR 1 2000	YEAR 5 2004 PRO-FORMA
<b>REVENUE</b>		
Utility Revenue	79,300	120,674
Other Revenue	0	0
<b>Total Revenue</b>	<u>79,300</u>	<u>120,674</u>
<b>OPERATIONS AND MAINTENANCE</b>		
Labor	7,100	16,815
Employee Benefits	2,343	5,549
Purchased Water	0	0
Sludge Removal/Hauling	0	0
Power	6,000	6,000
Chemicals	2,500	2,654
Outside Services	7,200	7,644
Leases	0	0
Supplies	500	531
Transportation	500	531
Insurance	250	265
Bad Debt Expense	400	425
Other Expenses	1,500	1,592
<b>Total Oper &amp; Maint.</b>	<u>28,293</u>	<u>42,006</u>
Amortization	0	0
Depreciation	25,161	26,795
Taxes - Other	6,661	6,661
Federal Taxes	(19,373)	(10,918)
State Taxes	(4,282)	(2,413)
<b>Operating Income</b>	<u>42,840</u>	<u>58,542</u>

**Assumptions For Year 5 - 2004:**

Revenue: Customer growth of 12 per year, based on history.

**O & M:**

Labor: Merit increase of 3% annually.

Benefits: 33% of Labor Expense.

Power: no increase.

All Other O & M: inflation of 1.506% annually.

Depreciation: based on capital additions of \$18,000 annually.

Taxes Other: no increase.

**CONSUMERS ILLINOIS WATER COMPANY  
INCOME STATEMENT 2000 & YEAR 5 PRO-FORMA  
IVANHOE COUNTRY CLUB DEVELOPMENT  
WASTEWATER SYSTEM**

May 18, 2000

	YEAR 1 2000	YEAR 5 2004 PRO-FORMA
<b>REVENUE</b>		
Utility Revenue	29,700	45,196
Other Revenue	0	0
<b>Total Revenue</b>	<u>29,700</u>	<u>45,196</u>
<b>OPERATIONS AND MAINTENANCE</b>		
Labor	14,500	16,815
Employee Benefits	4,785	5,549
Purchased Water	0	0
Sludge Removal/Hauling	0	0
Power	18,000	18,000
Chemicals	500	531
Outside Services	5,400	5,733
Leases	0	0
Supplies	500	531
Transportation	500	531
Insurance	250	265
Bad Debt Expense	149	158
Other Expenses	1,500	1,592
<b>Total Oper &amp; Maint.</b>	<u>46,084</u>	<u>49,705</u>
Amortization	0	0
Depreciation	64,400	64,400
Taxes - Other	11,699	11,699
Federal Taxes	(75,483)	(71,626)
State Taxes	(16,683)	(15,830)
<b>Operating Income</b>	<u>(317)</u>	<u>6,848</u>

**Assumptions For Year 5 - 2004:**

**Revenue:** Customer growth of 12 per year, based on history.

**O & M:**

Labor: Merit increase of 3% annually.

Benefits: 33% of Labor Expense (same as Years 1-4).

Power: no increase.

All Other O & M: inflation of 1.506% annually.

**Depreciation:** based on capital additions of \$18,000 annually.

**Taxes Other:** no increase.

CONSUMERS ILLINOIS WATER COMPANY  
INCOME STATEMENT 2000 & YEAR 5 PRO-FORMA  
IVANHOE COUNTRY CLUB DEVELOPMENT  
CONSOLIDATED

May 18, 2000

	YEAR 1 2000	YEAR 5 2004 PRO-FORMA
<b>REVENUE</b>		
Utility Revenue	109,000	165,870
Other Revenue	0	0
<b>Total Revenue</b>	<b>109,000</b>	<b>165,870</b>
<b>OPERATIONS AND MAINTENANCE</b>		
Labor	21,600	33,630
Employee Benefits	7,128	11,098
Purchased Water	0	0
Sludge Removal/Hauling	0	0
Power	24,000	24,000
Chemicals	3,000	3,185
Outside Services	12,600	13,376
Leases	0	0
Supplies	1,000	1,062
Transportation	1,000	1,062
Insurance	500	531
Bad Debt Expense	549	582
Other Expenses	3,000	3,185
<b>Total Oper &amp; Maint.</b>	<b>74,377</b>	<b>91,711</b>
Amortization	0	0
Depreciation	89,561	91,196
Taxes - Other	18,360	18,360
Federal Taxes	(94,856)	(82,543)
State Taxes	(20,964)	(18,243)
<b>Operating Income</b>	<b>42,523</b>	<b>65,390</b>

## EXHIBIT H

Page 1 Of 2

### IVANHOE ACQUISITION FORECASTED AVERAGE RATE BASE WATER SYSTEM

<u>Component</u>	<u>YEAR 1</u> <u>2000</u>	<u>YEAR 5</u> <u>2004</u>
Utility Plant In Service	\$ 1,624,987	\$ 1,696,987
Less: Accumulated Depreciation	\$ (256,504)	\$ (360,417)
Net Utility Plant In Service	\$ 1,368,483	\$ 1,336,570
Deduct:		
Contributions In Aid Of Construction - Net	\$ (489,011)	\$ (451,049)
<b>ORIGINAL COST RATE BASE:</b>	<b>\$ 879,472</b>	<b>\$ 885,522</b>



## EXHIBIT H

Page 2 Of 2

### IVANHOE ACQUISITION FORECASTED AVERAGE RATE BASE WASTEWATER SYSTEM

<u>Component</u>	<u>YEAR 1</u> <u>2000</u>	<u>YEAR 5</u> <u>2004</u>
Utility Plant In Service	\$ 2,795,805	\$ 2,795,805
Less: Accumulated Depreciation	<u>\$ (649,328)</u>	<u>\$ (906,929)</u>
Net Utility Plant In Service	\$ 2,146,477	\$ 1,888,876
Deduct:		
Contributions In Aid Of Construction - Net	<u>\$ (601,754)</u>	<u>\$ (555,038)</u>
<b>ORIGINAL COST RATE BASE:</b>	<u><b>\$ 1,544,724</b></u>	<u><b>\$ 1,333,838</b></u>